

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division (DEQ/AQD), Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 82002, and BP America Production Company (BP), 501 Westlake Park Boulevard, Houston, Texas, 77079, enter into this Settlement Agreement (Agreement) to fully and finally resolve without litigation the alleged violations cited in Notice of Violation Docket Number 5416-14. The Notice of Violation alleges that BP violated the Wyoming Air Quality Standards and Regulations (Air Quality Rules) and Permit CT-15710 by failing to adequately maintain smokeless combustors at the Frewen Unit 18-100D PAD facility, located in Sweetwater County.

Wyo. Stat. Ann. § 35-11-901(a)(ii) (2013) authorizes stipulated settlement, including payment of a penalty, implementation of compliance schedules, or other settlement conditions in lieu of litigation. To that end, BP and the DEQ/AQD hereby agree as follows:

1. BP is a Delaware corporation authorized to do business in Wyoming. BP is the owner and operator of the Frewen Unit 18-100D PAD facility, located in Sweetwater County, Wyoming.

2. The DEQ/AQD is the executive branch agency of Wyoming government responsible for enforcing the Air Quality Rules.

3. Wyo. Stat. Ann. § 35-11-201 provides, “[n]o person shall cause, threaten or allow the discharge or emission of any air contaminant in any form so as to cause pollution which violates rules, regulations and standards adopted by the [environmental quality] council.”

4. Wyo. Stat. Ann. § 35-11-801 states, “In granting permits, the director may impose such conditions as may be necessary to accomplish the purpose of this act which are not inconsistent with the existing rules, regulations and standards.”

5. Chapter 6, Section 2 of the Wyoming Air Quality Standards and Regulations prescribes the applicability and procedures for issuing permits to sources under Wyoming’s construction and modification permitting program.

6. On March 4, 2014, DEQ/AQD issued Permit CT-15710 to BP. Condition 16 of the Permit states in pertinent part:

“The combustion devices shall be designed, constructed, operated, and maintained to be smokeless...”

7. On March 13, 2014, DEQ/AQD Inspector Mr. Jeff Wendt observed three operating combustion devices continuously emitting smoke.

8. On May 8, 2013, DEQ/AQD issued Notice of Violation 5416-14 to BP. The Notice of Violation alleged that BP was in violation of Condition 16 of Permit CT-15710.

9. Without admitting liability, and in lieu of litigation pursuant to Wyo. Stat. Ann. § 35-11-901(a)(ii), BP agrees to pay to the DEQ/AQD the amount of three thousand five hundred dollars and no cents (\$3,500.00) as a stipulated penalty to resolve the violations alleged in the aforementioned Notice of Violation. BP agrees to make full payment by check made payable to the Wyoming DEQ/AQD, within thirty (30) days after BP has been notified by DEQ/AQD that the final signature has been affixed to this Agreement. BP agrees to mail the payment to Ann Shed, DEQ/AQD, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 82002.

10. BP, by entering into this Agreement, does not concede or admit any liability, fault, or statutory noncompliance. Except as specifically provided for herein, nothing in this Agreement shall prejudice, waive, or impair any right, remedy, or defense that BP may have against any entity.

11. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against BP arising from the allegations contained within the Notice of Violation and this Agreement. In reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against BP for these particular alleged violations. By this Agreement, the Parties intend to resolve with prejudice all allegations that are contained within the Notice of Violation and this Agreement.

12. In the event that BP fails to fulfill its obligations under this Agreement, BP waives any statute of limitation claims that may apply in an enforcement action by the DEQ/AQD involving the specific matters described in the Notice of Violation or otherwise set forth in this Agreement.

13. This Agreement shall be admissible by either BP or the DEQ/AQD without objection by the other party in any action between DEQ/AQD and BP relating to the violations alleged herein.

14. Each party assumes the risk of any liability arising from its own conduct. Neither party agrees to insure, defend, or indemnify the other. Neither DEQ/AQD nor BP shall have any claim against the other for attorneys' fees, or any other costs related to the preparation and resolution of this Agreement.

15. Any changes, modifications, revisions, or amendments to this Agreement are invalid unless mutually agreed upon by both parties, incorporated by written instrument, executed, and signed by all parties to this Agreement.

16. The laws of the State of Wyoming shall govern the construction, interpretation, and enforcement of this Agreement. The Courts of the State of Wyoming shall have jurisdiction over this Agreement and the parties, and the venue shall be the First Judicial District, Laramie County, Wyoming.

17. This Agreement, consisting of four (4) pages represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, and agreements, whether written or oral.

18. The State of Wyoming and the DEQ/AQD do not waive sovereign immunity by entering into this Agreement and specifically retain immunity and all defenses available to them as sovereigns pursuant to Wyo. Stat. Ann. § 1-39-104(a) and all other state law.

19. The parties do not intend to create in any other individual or entity the status of third party beneficiary, and this Agreement shall not be construed to create such status. The rights, duties, and obligations contained in this Agreement shall operate only between the parties to this Agreement, and shall inure solely to the benefit of the parties to this Agreement. The parties to this Agreement intend and expressly agree that only parties signatory to this Agreement shall have any legal or equitable right to seek to enforce this Agreement, to seek any remedy arising out of a party's performance or failure to perform any term or condition of this Agreement, or to bring an action for the breach of this Agreement.

20. In the event that BP assigns any or all of its proprietary interest in the Frewen Unit 18-100 PAD facility located in Sweetwater County, Wyoming, DEQ/AQD reserves the right to enforce this Agreement against any and all subsequent owners and operators.

21. Each party represents that they are authorized to enter into this Agreement, agrees to comply with and to be bound by the terms of this Agreement, and further agrees that they will not contest the basis or validity of this Agreement. This Agreement shall become binding upon the parties once executed.

IN WITNESS THEREOF, the parties, by their duly authorized representatives, have executed this Agreement on the days and dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this Agreement:

BP AMERICA PRODUCTION COMPANY:

By: Christy Hard
Christy Hard
Western Area Operations Manager,
North American Gas

June 18, 2014
Date

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY:

By: Steven A. Dietrich
Steven A. Dietrich, AQD Administrator

6-26-14
Date

By: Todd Parfitt
Todd Parfitt, DEQ Director

6/26/14
Date

APPROVAL AS TO FORM:

Jeremiah Williamson
Jeremiah Williamson
Assistant Attorney General
Attorney for DEQ/AQD

6/28/14
Date

Gabrielle Sitomer
Gabrielle Sitomer
Attorney for BP American Production Company

June 18, 2014
Date